

Council on Postsecondary Education
January 31, 2005

Affordability Policy Statements

The Affordability Policy Group first met in November 2003 to begin assessing issues related to college affordability and to develop policy recommendations. Based on analyses presented and discussed in meetings during the past fourteen months, the policy group has developed recommendations regarding tuition policy and reciprocity agreements.

Action: The staff recommends that the Council approve policy statements developed by the Affordability Policy Group regarding tuition policy and statewide tuition reciprocity agreements.

The policy group has spent the last year reviewing numerous national, regional, and state reports, data analyses, published articles, presentations, as well as other states' affordability studies and findings. The information gleaned from these meetings provides the basis for the recommendations regarding tuition policy and reciprocity agreements presented in this agenda item.

The agenda item is detailed in two parts:

Part A: Tuition Policy

Part B: Tuition Reciprocity Agreements

Part A: Tuition Policy Statements

- Institutions shall present a report to the Council on Postsecondary Education and the Affordability Policy Group at the May 2005 meeting regarding proposed FY 2005-06 tuition rates, to include the analysis of specific affordability considerations and strategies used by each institution in their decision-making process for 2005-06 tuition increases. Institutions should also include an analysis of the amount of institutional need-based and other student financial aid increases in individual award limits, if applicable. The Council staff will work with the institutions on the format and content of these reports.
- Institutions shall provide the data and assistance necessary for the Council and the national consultant to complete a more detailed affordability study.

- Institutions shall present any proposals for mid-year increases in tuition (permanent or temporary) to the Council for approval prior to action by their governing body.

Part B: Tuition Reciprocity Agreements

In the last legislative session, concerns were expressed about reciprocity agreements. Based on the concerns expressed by the General Assembly, the Affordability Policy Group has analyzed current reciprocity agreements. A summary of the analysis follows.

State tuition reciprocity agreements are agreements between two or more states where the citizens of a defined region can enroll at identified out-of-state institutions or in identified programs at out-of-state institutions for a reduced tuition charge and also may receive special treatment for admission purposes.

Characteristics of tuition reciprocity agreements include selected institutions, defined academic programs, specific student levels (i.e., undergraduate, graduate, first professional), defined period of time, and required reporting.

In general, the advantages of reciprocity agreements are that they:

- Broaden access and opportunity for citizens in a region.
- Eliminate unnecessary duplication of academic programs.
- Reduce costs by utilizing academic programs in other states.

Kentucky is a partner in five agreements with Illinois, Indiana, Ohio, Tennessee, and West Virginia. The attached analysis details information regarding these agreements including how many students in each state participate and the average tuition paid and waived for each agreement.

Kentucky resident students attending institutions out-of-state through the tuition reciprocity agreements in fall 2003 were charged on average \$3,900 while nonresident students attending Kentucky institutions under these agreements paid on average \$3,600. Further, the amount of tuition waived by out-of-state institutions for Kentucky resident students was on average \$5,800 per student compared to \$5,400 per student waived by Kentucky institutions for nonresident students.

There were 2,985 nonresident students enrolled in Kentucky institutions through statewide reciprocity agreements compared to 1,643 Kentucky residents enrolled in out-of-state institutions during fall 2003. This difference in enrollment for fall 2003 can be attributed to the difference in enrollment under the Tennessee agreement. There were 1,337 Tennessee students enrolled

in Kentucky institutions under the agreement while only 330 Kentucky students enrolled in Tennessee institutions. It is anticipated that this enrollment disparity will be reduced due to the recent establishment of a state lottery in Tennessee. A portion of the Tennessee lottery proceeds is to be used to encourage Tennessee students to attend Tennessee institutions through increased amounts of student financial aid. Enrollment under the remaining reciprocity agreements is reasonably balanced.

The following recommendations are proposed to maintain a reasonable balance.

Reciprocity Agreement Policy Statements

- All agreements should maintain a reasonable balance between the benefits afforded to the Kentucky students and non-Kentucky students. Agreements will be considered balanced if there is reasonable similarity between exchanges of students and financial costs. Agreements that are deemed disproportionately unbalanced should be extended for only two years and the two-year agreements should contain provisions intended to correct the imbalance. If after two years the disproportionate imbalance remains despite the adjustment, the agreements should be phased out over the next two-year period. If an agreement is terminated, students that began their education under the agreement will continue to be considered reciprocity students. Agreements with a reasonable balance should be implemented for a four-year period. The Council staff will work with the institutions to develop means of determining when a disproportionate imbalance exists.
- Unless prohibited by statute, in future agreements, the tuition rate to be charged by participating institutions should be the greater of either: (1) the hosting state's resident tuition; or (2) the beneficiary state's average resident tuition for institutions in the same Carnegie Classification.

**ANALYSIS OF STATEWIDE RECIPROCITY AGREEMENTS
FULL TIME UNDERGRADUATE STUDENTS
FALL 2003**

	<u>Reciprocity Students</u>	<u>Tuition Waived</u>	<u>Tuition Paid</u>
Illinois / Kentucky			
Illinois Institutions			
Total	5	1,920	2,880
Average per student		384	576
Kentucky Institutions			
Total	24	113,760	56,880
Average per student		4,740	2,370
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Indiana / Kentucky			
Indiana Institutions			
Total	860	4,712,650	3,588,306
Average per student		5,480	4,172
Kentucky Institutions			
Total	1,189	7,294,044	4,639,974
Average per student		6,135	3,902
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Ohio / Kentucky			
Ohio Institutions			
Total	307	1,740,129	1,373,211
Average per student		5,668	4,473
Kentucky Institutions			
Total	280	1,222,896	954,888
Average per student		4,367	3,410
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Tennessee / Kentucky			
Tennessee Institutions			
Total	330	2,564,396	1,283,812
Average per student		7,771	3,890
Kentucky Institutions			
Total	1,337	6,778,796	4,603,932
Average per student		5,070	3,443
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West Virginia / Kentucky			
West Virginia Institutions			
Total	141	553,284	224,640
Average per student		3,924	1,593
Kentucky Institutions			
Total	155	734,700	367,350
Average per student		4,740	2,370
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All Total			
Out of State Institutions			
Total	1,643	9,572,379	6,472,849
Average per student		5,826	3,940
Kentucky Institutions			
Total	2,985	16,144,196	10,623,024
Average per student		5,408	3,559